

Message Text

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ACTION EB-08

INFO OCT-01 ARA-10 EUR-12 ISO-00 AGRE-00 CEA-01
CIAE-00 COME-00 DODE-00 FRB-03 H-01 INR-10 INT-05
L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05
SS-15 STR-07 ITC-01 TRSE-00 ICA-11 SP-02 SOE-02
OMB-01 DOE-15 /123 W
-----059001 090123Z /45

R 072030Z JUL 78
FM USINT HAVANA
TO SECSTATE WASHDC 2447
INFO AMEMBASSY BRUSSELS
AMEMBASSY LONDON

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BRUSSELS FOR USEEC

EO 11652: NA
TAGS: ETRD EPAP CU
SUBJ: SUGAR: CUBANS NUDGE US ON ISA RATIFICATION

1. GRANMA, JULY 7, CONTAINS MILDLY WORDED ARTICLE THAT BLAMES RECENT DESCENT OF WORLD SUGAR PRICES ON US DELAY IN RATIFICATION OF INTERNATIONAL SUGAR AGREEMENT AND EEC FAILURE TO ADHERE TO PACT. ARTICLE WAS SIGNALLED TO US, IN ADVANCE, CHIEF CUBAN SUGAR TRADER EMILIANO LEZCANO, AS SIGNIFICANT MANIFESTATION OF CUBAN CONCERN OVER FATE OF ISA IN SENATE.

2. GRANMA CITES MARKET "SPECULATIONS" TO EFFECT THAT EXTENSION OF PERIOD OF ISA RATIFICATION FOR SIX MONTHS INDICATES "WEAKNESS" OF AGREEMENT, BUT, NEWSPAPER ADDS SUCH EXTENSIONS ARE NORMAL. ONE OF FACTORS BEHIND SUGAR PRICE DECLINE, GRANMA SAYS, IS US FAILURE TO RATIFY ISA WHICH, AMONG OTHER THINGS, DOES NOT PERMIT STOCK FINANCING MECHANISM TO COME INTO EXISTENCE. (COMMENT: PRESUMABLY CUBANS ARE ARGUING THAT ACCUMULATON OF REQUIRED
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MINIMUM STOCKS IS BEING RETARDED BY ABSENCE OF FINANCING MECHANISM.) GRANMA OBJECTIVELY POINTS OUT THAT RATIFICATION DELAYIS DUE TO ARGUMENTS BETWEEN ADMINISTRATION AND CONGRESS OVER DOMESTIC SUGAR POLICY AND CITES ADMINISTRATION PUBLIC SUPPORT FOR ISA RATIFICATION.

3. GRANMA GOES ON TO DEAL MORE HARSLY WITH EEC WHOSE

SUBSIDIZED PRODUCTION IS EXPANDING AND THOSE ATTITUDE IS CHARACTERIZED AS "HARDLY CONSTRUCTIVE". CUBANS EXPRESS DISMAY THAT, WHILE UNDERDEVELOPED COUNTRIES HAVE ACCEPTED LIMITATIONS OF PACT, EEC NATIONS, ALL INDUSTRIALIZED, REFUSE TO BEAR SIMILAR BURDEN. NONETHELESS, GRANMA STATES THAT PROCEEDINGS OF ISO-EEC WORKING GROUP THAT WILL MEET THIS MONTH SHOULD BE OF INTEREST.

4. ARTICLE CONCLUDES THAT, DESPITE DIFFICULTIES, ISA SHOULD BE EFFECTIVE INSTRUMENT TO REGULATE SUGAR PRICE, ESPECIALLY BEGINNING IN SECOND YEAR OF ITS EXISTENCE. RECENT INDICATIONS OF LOWER THAN ESTIMATED PRODUCTION IN SEVERAL EXPORTING NATIONS SHOULD ALSO PLAY ROLE IN RAISING PRICE, GRANMA SAYS.

5. COMMENT: GRANMA ARTICLE ON LOW SUGAR PRICES REFLECTS CURRENT CUBAN DISCOURAGEMENT OVER EARNING POSSIBILITIES IN FREE MARKET. THIS DISCOURAGEMENT WAS EVIDENT IN FIDEL CASTRO'S DECLARATION AT PODER POPULAR SESSION, JUNE 30, THAT CUBAN PUBLIC WOULD EXPERIENCE DEPRIVATION UP TO YEAR 2000 (SEE HAVANA 1873) - A STATEMENT WHICH, INTERESTINGLY ENOUGH, DESPITE DECLARATIONS AT THE TIME BY BLAS ROCA, HAS NOT BEEN PUBLISHED OR GIVEN WIDE CIRCULATION. AS SPUR TO FREE MARKET SUGAR PRICE, US RATIFICATION OF ISA CLEARLY WILL BE WELCOMED BY CUBANS.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: LOBBYING, SUGAR, TREATY RATIFICATION
Control Number: n/a
Copy: SINGLE
Draft Date: 07 jul 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978HAVANA01925
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780281-0555
Format: TEL
From: HAVANA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780787/aaaacvap.tel
Line Count: 86
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 5e63e779-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 15 jul 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2090512
Secure: OPEN
Status: NATIVE
Subject: SUGAR: CUBANS NUDGE US ON ISA RATIFICATION
TAGS: ETRD, EPAP, CU, US, ISA
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/5e63e779-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014